

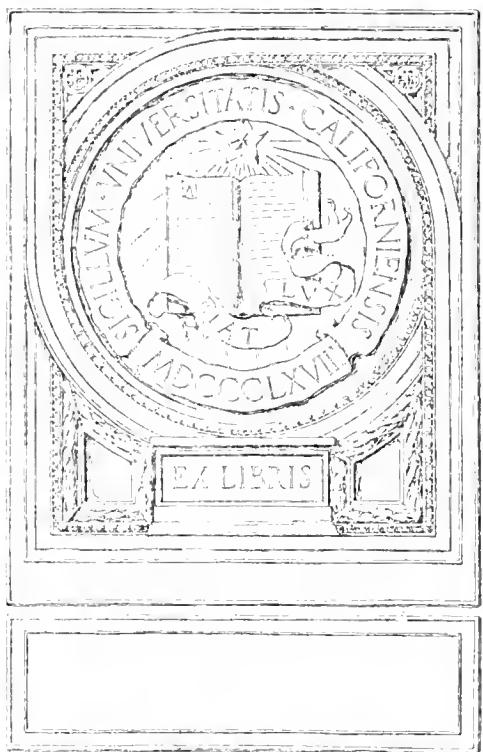


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WAR CHARITIES COMMITTEE.

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R E P O R T

OF THE

C O M M I T T E E

ON

W A R C H A R I T I E S .

Presented to Parliament by Command of His Majesty.



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WARRANT OF APPOINTMENT.

I HEREBY APPOINT—

The RIGHT HONOURABLE J. W. WILSON, M.P.,
Sir ERNLEY R. H. BLACKWELL, K.C.B.
(Assistant Under-Secretary of State. Home Office),
The RIGHT HONOURABLE WILLIAM CROOKS, M.P.,
LADY EMMOTT,
Mr. J. F. MASON, M.P.,
Mr. F. MORRIS, and
Mr. F. J. WILLIS, C.B.
(Assistant Secretary of the Local Government Board),

to be a Committee to consider representations which have been made in regard to the promotion and management of charitable funds for objects connected with the war, and to advise whether any measures should be taken to secure the better control or supervision of such funds in the public interest.

AND I FURTHER APPOINT Mr. J. W. WILSON to be Chairman of the Committee and Mr. J. A. JOHNSTON to be Secretary to the Committee.

HERBERT SAMUEL.

Home Office,

12th April, 1916.

I HEREBY APPOINT—

Mr. EWAN F. MACPHERSON, Legal Member of the Local Government Board for Scotland,

to be a member of the Committee appointed to consider representations which have been made in regard to the promotion and management of charitable funds for objects connected with the war, and to advise whether any measures should be taken to secure the better control or supervision of such funds in the public interest.

HERBERT SAMUEL.

Home Office,

9th May, 1916.

WAR CHARITIES COMMITTEE.

REPORT

OF THE

COMMITTEE ON WAR CHARITIES.

TO THE RIGHT HONOURABLE HERBERT SAMUEL, M.P., HIS MAJESTY'S PRINCIPAL SECRETARY OF STATE FOR THE HOME DEPARTMENT.

SIR,

WE have the honour to submit the following report on the matters referred to us by you in the Warrant of Appointment issued on the 12th day of April, 1916.

1. We have held nine meetings and taken the evidence of the following witnesses:—

H. W. T. Bowyear, Chief Charity Commissioner.

Isaac J. Cowie, General Secretary and Treasurer, City of Edinburgh Charity Organisation Society.

Detective-Inspector Curry.

F. G. D'Aeth, Secretary of the Liverpool Council of Voluntary Aid.

Robert Donald, Editor of the "Daily Chronicle."

W. A. M. Goode, Hon. Sec. National Committee for Relief in Belgium.

C. F. A. Hore, Principal Clerk, National Health Insurance Commission.

Rev. A. G. Lloyd, Chairman of the Mutual Registration of Assistance Committee, Birmingham.

Miss M. H. Mason.

Algernon Maudslay, Hon. Sec. War Refugees Committee.

G. S. Paternoster, Assistant Editor of "Truth."

E. C. Price, Secretary of Inquiry Department, Charity Organisation Society.

J. S. Samuel, Official Secretary to the Lord Provost of Glasgow.

Sir William Soulsby, Private Secretary to the Lord Mayor of London.

We have also had submitted to us a number of Home Office papers relating to war charities, and have considered the representations which were made by the Deputation which waited upon you in March last.

EFFECT OF EVIDENCE.

2. Many of the witnesses whom we have examined have had considerable experience in regard to the promotion and management of charitable funds, and it was their unanimous opinion that in the public interest it was desirable that public appeals for funds on behalf of war charities should be placed under some system of control.

Various cases were brought to our notice in which the want of any such control had led to very unsatisfactory results. In some cases large sums of money which had been collected were found to be under the control of an individual who had placed them to his own banking account. In other cases, no accounts had been published showing how the money has been disposed of, and no proper minute books or records had been kept.

In other instances, although there might have been a Committee, it had been of a purely nominal character. Indeed, one of the most serious dangers in connection with war charities at present arises from the fact that persons holding prominent positions freely—we might almost say recklessly—allow their names to be used as patrons or even members of an "Executive Committee" without first satisfying themselves as to the *bona fides* of the promoters of the fund and without taking any real responsibility as to the distribution of moneys collected. In many of these cases a small amount of inquiry must have led these prominent persons to withhold their patronage. The use of their names has no doubt assisted the promoters in obtaining money from the public, but has afforded no real guarantee that contributions would be properly or wisely expended.

The following are a few typical cases which have been brought to our notice:—

- (a) A fund was promoted for the relief of victims of the War in the country of one of our Allies. The promoters succeeded in obtaining the names of many influential persons both in that country and in England as patrons or as members of the executive committee. From time to time many of these persons withdrew their support, and the affairs of the fund were the subject of considerable criticism in the press, mainly on the ground of extravagant administration. According to the last published statement of account, a sum of over £129,000 had been collected, a large portion of which appears to have been expended for the purpose indicated; but there remained a balance in hand of about £42,000 as to the expenditure of which, so far as we are aware, no account has since been published.
- (b) One of the numerous funds established for the relief of refugees received subscriptions amounting to over £50,000. This fund had a committee which consisted of representative persons, but was so constituted that it was extremely unlikely that the members could ever be called together, and, in fact, the management of the fund seems to have been left in the hands of the secretary. Part of the amount collected was devoted to the relief of refugees, but a sum of about £20,000 was earmarked for "repatriation" purposes and will not be expended until after the war. No balance sheet has been published, and, so far as we could ascertain, no information has been given as to the mode in which the safe custody of this sum has been secured.
- (c) A man who had been twice adjudicated bankrupt and on the second occasion had not applied for his discharge, who had been a defendant in an action for fraud in which a verdict for £5,300 was found against him, and who had recently been imprisoned for default in payment of his rates, conceived the idea of appealing for funds for the provision of Homes of Rest for soldiers on leave in London. He succeeded in inducing three Earls and several Members of Parliament to become vice-presidents, and formed a committee consisting of more than 80 ladies, most of whom were the wives of officers commanding regiments. He proposed, in the first instance, to make use of the house in which he was living, the rent of which was in arrear, as a Home of Rest, and to provide other Homes afterwards. Up to the present this scheme has not been carried out, but a sum of about £300 has been subscribed by his supporters. The whole of this appears to have been swallowed up by the working expenses, and the fund now has an adverse balance of about £30.
- (d) A French swindler, who had been sentenced more than once in Paris for fraud, came to London soon after the war broke out and started a fund to provide for the rebuilding of houses in Belgium after the war. He employed young women to collect money in places of public resort, paying them a commission of 10 per cent. According to his statement, the amount collected was only about £17, of which over £13 was charged for expenses. This scheme having been stopped by the action of the Belgian authorities, he proceeded to found an association which purported to be formed for the benefit of war orphans, and succeeded in obtaining the names of a number of titled persons as patrons. The receipts of this fund amounted in four months to £260, of which £14 was said to have been given to Belgians who had returned to their country. The rest was absorbed by the expenses, which included a weekly salary of £6 retained by the promoter for his services as secretary. This man was finally deported to France as an undesirable alien, and is now undergoing a sentence of imprisonment for fraud in that country.
- (e) A young man, finding himself in low water, hit upon the idea of appealing to the public for funds to establish poultry farms with the object of providing employment for disabled soldiers and supplying new-laid eggs to hospitals for wounded soldiers. He spent £15 on an advertisement of the scheme, and issued a large number of circulars inviting subscriptions from the public. The scheme was not successful, and he was ultimately convicted of obtaining money by fraud. He admitted that the farms referred to in his appeal did not exist and that there was not a single soldier who was employed by him. If this man had only possessed a small amount of capital on which to make a beginning and had secured the usual list of patrons, he might easily have obtained a considerable sum of money. In that case there is little doubt that the proceeds would, to a large extent, have been utilised to provide a remunerative occupation for the promoter.

3. After carefully considering the evidence and the various official records which have been placed before us, we are satisfied that in the public interest it is desirable that some control over public appeals on behalf of war charities should be instituted. Most of the witnesses suggested to us that any system of control should be applied to all charities and not only to war charities. Our terms of reference, however, are limited to charitable funds for objects connected with the war, and we express no opinion upon the wider question. Our proposals apply to war charities alone, though it may be somewhat difficult to draw a satisfactory line of demarcation between these charities and others.

THE OBJECTS TO BE AIMED AT IN ANY SYSTEM OF CONTROL.

4. There can be no doubt that a large amount of money is at present wasted in consequence of the overlapping of funds which have the same or similar objects, and also by reason of the fact that some persons of undoubted integrity who manage charitable funds have not sufficient experience and knowledge to enable them to administer large sums of money to the best advantage. We do not, however, think that it would be practicable to attempt to stop waste arising from these causes, though we hope that under the system which we recommend some amount of overlapping may be avoided. The object which we think should be aimed at is to prevent appeals being made by persons whose *bonâ fides* is not established and to secure that the control and distribution of charitable funds shall be in the hands of a responsible committee. This object can be attained by the simple requirement that every such fund should be registered. We have considered whether a permissive system of registration such as the Local Government Board have instituted in regard to Belgian Relief funds, would sufficiently meet the needs of the case, but after discussing the matter with the witnesses, we have come to the conclusion that any general system of registration if it is to be effective must be compulsory.

MEASURES RECOMMENDED.

5. In our opinion it should be made illegal to appeal to the public for any war charity unless the body making the appeal is registered, and we suggest that the Secretary of State should be empowered to make regulations prescribing the conditions subject to which registration should be effected and the particulars to be entered in the registers. Such conditions should, we think, deal with the following points:—

- (i) That there should be a responsible committee composed of not less than three members with whose *bonâ fides* the registering authority is satisfied. Applications for registration should be signed by not less than three members of the Committee and the Secretary.
- (ii) That proper books of account and minutes with the attendances of the Committee should be kept.
- (iii) That the Committee should see that the accounts are duly audited from time to time and an abstract published.
- (iv) That the registering authority should have power at any time to call for particulars with regard to the accounts and other records, and that the books and accounts should be open to inspection at any time by a duly authorized official of the registration authority or of the Charity Commissioners.
- (v) That all moneys collected should be paid into a separate banking account and that the name of the bank should be entered in the register together with the name and addresses of the three members and the Secretary who applied for registration.

Subject to the right of appeal hereinafter mentioned a fund should be liable to be removed from the register at any time on the ground of want of *bonâ fides* or failure to comply with any of the above-mentioned conditions.

Any person or body of persons making a public appeal on behalf of a War Charity which is not registered should be liable to be fined upon summary conviction, but proceedings in such cases should not be taken without the consent of the Attorney-General.

6. We also recommend that powers similar to those conferred by the Street Collections Regulation (Scotland) Act, 1915, should be conferred on the Police Authorities in England and Wales.

THE REGISTERING AUTHORITY.

7. We have carefully considered the question whether the work of registration should be undertaken by a Government Department or entrusted to local authorities, and we have come to the conclusion that the latter plan would be preferable. It would be necessary in either case to make local inquiries and investigation, and we think that the question whether a fund should be registered or not may properly be left in the hands of the local authorities. Each fund should be registered by the registering authority of the area in which the office of the committee of the fund is situate, and in the case of funds having local committees as well as a central committee, each local committee should also be registered in its own area. In the case of national charities managed from a head office where only collecting agencies are established throughout the country there will be no need for local registration, but it should be made clear in each case that these agencies are under the direct control of the head office.

We recommend that in the City of London the City Corporation should be the registering authority, and that the London County Council should act for the rest of London. In the rest of England and Wales we think that County Councils and Councils of Boroughs having a separate police force should be the registering authorities. There is some advantage, we think, in taking the police areas in England and Wales, as the police as well as the Charity Organisation Society and other kindred societies will no doubt be able to furnish information of value to the registering authority.

It should of course be understood that the registering authority would have power to make any inquiry in this matter either directly of individual members of a proposed committee or indirectly through the police or others.

In this connection it has been suggested to us that when a charitable appeal is made on behalf of the subjects of an allied nation the approval of the Diplomatic Representative in London of the nation concerned should be an essential condition of registration.

8. It is desirable, we think, that the committee of any local authority charged with the duty of registration should have upon it some members having special knowledge of charitable work, and for this reason we recommend that the local authorities referred to should be empowered to co-opt members (men and women) upon any committee which they may form for dealing with this matter.

9. In addition to the local registers, we think it would be of advantage that a general record should be kept in London of all funds which are registered by local registering authorities, and also of all funds which have been refused registration. This record should be consulted by the registration authorities in any case of doubt. This would help to prevent a fund which has been refused registration in one area from obtaining it in another, and might be of use in other ways.

10. After discussing the matter with Mr. Bowyear, the Chief Charity Commissioner, we recommend that the Charity Commission should undertake the duty of keeping the general Record.

APPEALS.

11. We do not consider that any appeal should lie against a refusal of a local authority to register a fund, but it should be clearly understood by such local authority that such refusal must be based solely upon the failure of the committee of the fund to establish *bona fides*. Where, however, a fund has been removed from the register by the local authority, we think that an appeal should lie against the decision of the local authority to the Charity Commission. Pending the hearing of the appeal by the Charity Commissioners the decision of the local authority would of course remain operative. We have considered whether, when a fund is removed from the register, any monies in hand should be attached and placed under the control of some public body, such as the Official Trustees of Charitable Funds, but we make no recommendation on this point.

SCOTLAND.

12. As regards Scotland we recommend that the registering authority should be the Councils of all Burghs and the Councils of Counties excluding Burghs. The duty of making regulations as to registration, of keeping the general Record, and of hearing appeals against the removal of a fund from the register should, we suggest, be placed in the hands of the Local Government Board for Scotland.

FEES FOR REGISTRATION.

13. The cost of registration should, in our view, fall on the charitable funds and we therefore propose that a small registration fee should be charged.

It is difficult to say what would be a sufficient fee for this purpose, but we think that a charge of 10s. would probably cover the expense of the registration authority.

GENERAL.

14. The creation of overlapping funds for similar objects might to some extent be avoided by advice given by the registering authority where an application was made by a new charitable body to carry on work which was already being effectively done by an existing organisation;

while overlapping in the relief of individual cases could be reduced if charitable bodies were to adopt a voluntary system of registration for purposes of co-operation such as is now in force in London, Edinburgh, Birmingham and other places.

We desire to express our warm appreciation of the services of our Secretary.

We have the honour to be,

Sir,

Your most obedient Servants,

J. W. WILSON.

E. BLACKWELL.

WILL CROOKS.

GERTRUDE EMMOTT.

EWAN F. MACPHERSON.

J. FRANCIS MASON.

FRANCIS MORRIS.

F. J. WILLIS.

J. A. JOHNSTON,

Secretary.

June 19th, 1916.



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